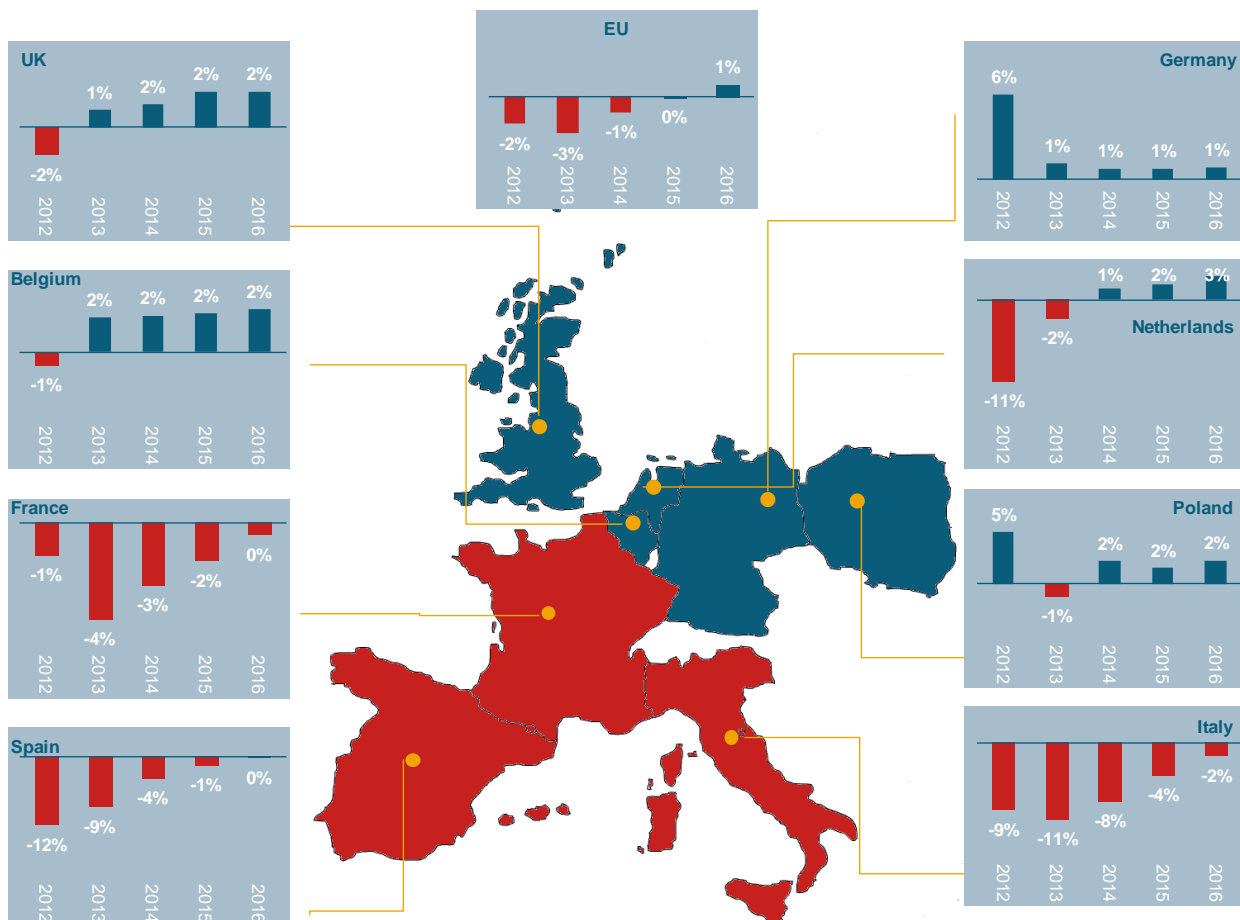


The hardest times are over for the Dutch and Spanish construction sector. The Italian and French architects still going through difficult times.

Rotterdam, 22 January 2015 - The German construction sector is growing at a slower pace than in recent years. There are positive signs in the Netherlands and Spain where the hardest times are over, as these two countries showed improvement throughout the whole of 2014. France and Italy are not recovering as fast as expected in earlier quarters, so a lot of architects in these two countries have been struggling throughout 2014. These are some of the conclusions of the Q1 2014 European Architectural Barometer report, a quarterly research among 1,600 architects in eight European countries. European architects act as a leading indicator for the construction activities.



The **British** market keeps on improving, although at a slightly slower pace than expected in previous quarters. One of the reasons for this is that the building permits for residential building have decreased compared to last quarter, the non-residential building permits are more or less stable and all confidence indicators show a slight decrease (2 of 3 still positive). Other indicators are showing positive signs, e.g. the sentiment within architectural firms is positive in Q3 2014: a strong order book and turnover development. Nevertheless there are signals that one should be careful about being too euphoric: the last three quarters clearly show a fair number of architects who expect an empty order book in the next 12 months (between 30% and 40%). Arch-Vision nevertheless predicts a modest growth of the market in 2014 (+2%) which will continue in 2015 (+2%) and 2016 (+2%).

From Q3 2010 onwards there has been a steady positive development among the **German** architects. In the second semester of 2014 both the German order book and turnover development were positive again but the growth was smaller than the growth in previous semesters. This means that there are fewer architects seeing improvement in their order books and turnover, it is rather steady or slightly diminishing. In Q4 only 5% of the architectural firms expect to see an empty order book in the next 12 months. There are however some indicators which may lead to some concerns: two confidence indicators

(consumer and industrial) have slightly declined for two quarters in a row and the GDP growth rate was nearly zero in Q3 (the latest available). Therefore Arch-Vision expects growth figures which are lower than what we expected in the first semester: 2014 (+1%), 2015 (+1%) and 2016 (+1%).

The **French** construction sector is not showing any improvement. There are much more French architects experiencing a decreasing order book (almost 50% in the past semester) than an increasing order book (approximately 15% last semester), where this quarter the difference is the largest in the recent years, even bigger than in Q3. The drops in the order book and turnover development in Q4 2014 are the biggest since Arch-Vision has started measuring which shows that the French situation is not improving. Other indicators are also showing more downward trends. Therefore Arch-Vision predicts that the French construction market will decrease in 2014 (-3%) and 2015 (-2%) and will not recover before 2016 (2016: 0%).

What was already predicted in Q1 2014 for **Spain**, is being confirmed in the rest of 2014: the continuously decreasing line has come to a hold; results are positive four quarters in a row as more architects reported an increasing order book (at least more than 30% every quarter, last quarter even 41%) instead of a decreasing order book (not more than 25% every quarter). With every quarter of 2013 the Spanish architects were showing their positive expectations meaning the bottom had been reached and improvements should follow. Unfortunately the more positive attitude is not completely in line with the development in the building permits. The permits for residential buildings show a slightly positive trend in 2014, where the non-residential had a major drop 2014. Given the latest results Arch-Vision concludes that the development in 2014 (-4%) will be slightly better, however still negative to the one in 2013 (-9%). The next two years will show the road to recovery of the Spanish construction sector (2015: -1% and 2016: 0%).

After some very bad quarters in 2013 **Italy** experienced drops in the order book and turnover development in 2014 as well, although not as bad as in 2013. In comparison to 2013 we see more architects noticing an increase in their order book over the year 2014. This however is only a small number compared to those who see their order book declining. Last three quarters 50% of the Italian architects reported negative developments in their order book and only 10% to 15% saw positive developments. Although no data on building permits are yet available for 2014 the figures of previous years were not positive: they showed big declines compared to 2010. This will have its influence on the construction in the 2 – 3 years after the building permits have been granted. Therefore the outlook for the next twelve months is still not very promising. Arch-Vision predicts a shrinkage of the market by 8% in 2014, by 4% in 2015 and 2% in 2016. This on top of the heavy decline in 2013 (-11%).

For the whole of 2014 the **Dutch** order book and turnover development were positive. This is a continuation of the improvement we saw in the last quarter of 2013. The number of architects experiencing improvements (52%) is the highest since Arch-Vision started the research. At the moment 19% expect an empty order book within the coming 12 months, which is also one of the lowest percentages in 4 years. The positive architectural sentiment can also be seen amongst other indicators such as building permits and most confidence indicators. These show a slight increase in comparison to the previous quarter. Therefore Arch-Vision predicts a small increase in 2014 (+1%) and further improvement in 2015 (+2%) and 2016 (+3%).

2014 showed a quite stable positive development regarding the order books of **Belgium architects**; more architects reporting increasing (at least 35% in 2014) order books instead of decreasing (at most 25% in 2014) order books. Only 11% of the Belgian architects expect an empty order book. Although this remained the same as in the previous quarter, it is still a relatively low figure. The building permits figures show opposite developments: a big drop for both residential and non-residential. In total together with relatively stable confidence indicators this leads to an unaltered prediction of the Belgian construction sector by Arch-Vision which is one of a steady growth in future years: +2% (2014), +2% (2015) and +2% (2016).

After the negative order book developments in 2013 the **Polish** architects showed positive signs for the first three quarters of 2014: more architects showing increasing order books than architects experiencing decreasing order books. In Q4 2014 however, Arch-Vision saw that the number of architects that experienced their order book growing was lower than the number who saw declining order books. This was already foreseen in Q3 since the number of architects that expected an empty order book within the next 12 months had increased from 14% to 24%. Poland is a country which heavily relies on new build with respect to the construction sector volumes (73%). Nevertheless it could be comforting that the other figures of the Barometers are positive. This is also the case for the building permits; they show a quite stable trend. All together Arch-Vision expects that

the Polish construction sector will fluctuate between € 32 billion and € 34 billion euro: +2% (2014), +2% (2015) and +2% (2016).

These and many other results and trends of the developments of the European construction market can be found in the European Architectural Barometer, an international market research conducted among 1,600 architects in Europe. This study is conducted in Germany, France, Italy, Spain, United Kingdom, the Netherlands, Belgium and Poland by Arch-Vision four times a year. Besides indicators to forecast the European building volumes, a specific topic is highlighted each quarter. The topic in Q4 2014 was "Cooperation with building product manufacturers".

More information

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